GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:2696
ANSWERED ON:10.08.2005
E-AUCTION OF COAL
Ahir Shri Hansraj Gangaram;Mohite Shri Subodh

Will the Minister of COAL be pleased to state:

(a) the quantity of coal auctioned under e-auction system in various coalfields to core and non-core sector industries;

(b) whether the coalfields of Coal India Limited have been benefited by e-auction system;

(c) if so, the coalfield-wise and company-wise details thereof;

(d) whether e-auction has been opposed by different groups especially by Industrial Associations in WCL area;

(e) if so, the reasons therefor alongwith the reaction of coal companies;

(f) whether the Government has reviewed the e-auction system;

(g) if so, the details therefore;

(h) whether the Government is in favour of continuing this system;and

(i) if so, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a): Company-wise coal allocated to successful bidders under the E-Auction trials during 04-05 and 05-06 (till June 05) is given below :-

(Fig in lac tonne)

Period	ECL	BCCL	CCL	NCL	WCL	SECL	MCL	NEC	CIL
04-05	-	9.48	-	-	-	-	-	1.02	10.50
05-06 till June	1.65	8.11	2.96	0.70	3.96	2.91	5.74	1.35	27.38

(b): Yes, Sir. E-auction trials have been beneficial in bringing in more transparency in marketing of coal. The consumers who were not in a position to draw their requirement from an official channel of supply have now been able to draw their requirement from their preferred sources without any quantity restriction at a price decided by the consumers themselves, through an official channel.

(c): The quantities fixed for e-auction are allocated company-wise and all computations are done accordingly. Coal company-wise comparative percentage increase in bid price over the notified price during 2004-05 and 2005-06 (upto June) is given as under:-

Period	ECL	BCCL	CCL	NCL	WCL	SECL	MCL	NEC	CIL
04-05	-	34.0	-	-	-	-	-	33.6	34.0
05-06 till June	29.1	53.5	52.9	150.9	39.8	82.0	119.0	28.5	59.9

(d)&(e): Yes, Sir. The issues raised by different groups are that:

i) the SSI consumers had not been informed in advance of the introduction of these e-auction trials
ii) coal through e-auction route was more expensive
iii) although traders were quoting high rates and subsequently forfeiting their Earnest Money Deposit, the weighted average e- auction price was being computated on such high bids
iv) large quantities of coal in e-auction were being bought by traders who were hoarding coal and black marketing to the SSI and brick

units,
v) weighted average e-auction price was being applied for coal supplies to linked non-core consumers instead of the notified price
vi) new linkage/enhancement of linkage quantity has been dispensed with

The coal companies are working to bring in more transparency and accessibility of coal to non-core consumers through the e-auction trials. Consumers` awareness about these e-auction trials had been effected through wide press publicity and road shows in different cities.

Prices of coal sold through e-auction reflects market dynamics. Coal companies have however, been cautioned about working out the average weighted price only after the quantity has been booked and not immediately after the bids are finalized to avoid misleading trends. E-auction mechanism further allows any consumers to access desired quantity of required grade of coal from source of own choice.

(f)to(i): Consequent upon High Court of Kolkata order dated 13.5.2004 setting aside the existing policy on sale of coal to non-core sector consumers based on linkages and sponsorship, the government had approved, in principle, sale of coal to non-core sector through e~ auction in Internet on trial basis. The e-auction trials are being concurrently evaluated by Indian Institute of Management, Kolkata and final view is to be taken depending on experience ofthese trials.